

Message Text

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43

ACTION COME-00

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 AID-20 CIAE-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01

/137 W

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R 170915Z MAY 74

FM AMCONSUL MILAN

TO SECSTATE WASHDC 3588

INFO AMEMBASSY ROME

AMCONSUL FLORENCE

AMCONSUL GENOA

AMCONSUL NAPLES

AMCONSUL PALERMO

AMCONSUL TRIESTE

AMCONSUL TURIN

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION NATO

USMISSION OECD PARIS

C O N F I D E N T I A L MILAN 672

E.O. 11652: GDS

TAGS: EFIN ETRD IT

SUBJ: IMPORT DEPOSITS - NON AGRICULTURAL SECTOR

DEPT PASS USDOC

REF: ROME 6722

1. AMCHAMBER OF COMMERCE OF ITALY EXECUTIVE COMMITTEE MET
IN MILAN MAY 16 TO CONSIDER POSITION ON GOI IMPORT DEPOSIT PROGRAM.
AMCHAMBER POSITION IS CAUTIOUS ONE LOOKING TO CLOSE COOPERATION
WITH EMBASSY AND CONFINDUSTRIA AND FOLLOWING GENERAL EMBASSY
APPROACH. DECISION OF EXECUTIVE COMMITTEE WAS NOT TO OPPOSE
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ENTIRE GOI PROGRAM BUT TO IDENTIFY PARTICULAR PRODUCTS MEETING

CRITERIA REFTEL TO RECOMMEND FOR EXCLUSION FROM GOI DEPOSIT REQUIREMENT. TO THIS END, AMCHAMBERS MORE THAN 2300 MEMBERS WILL BE INDIVIDUALLY QUERIED FOR PROPOSED ITEMS.

2. BEHIND AMCHAMBER DECISION LIE MIXED FEELINGS OF EXECUTIVE COMMITTEE ABOUT GOI POLICY. MEMBERS STRONGLY BELIEVE ENERGETIC GOI ACTION NEEDED TO COPE WITH BOP DEFICIT AND TWO-FIGURE RATES OF INFLATION. HOWEVER, ECONOMIC WISDOM OF PROGRAM PER SE QUESTIONED WHILE UNILATERAL NATURE OF GOI ACTION CRITICIZED AS HARMFUL IN LONGER TERM TO ITALIAN INTERESTS AND IMMEDIATELY RISKS NULLATORY RESPONSE BY BOTH EC PARTNERS AND MAJOR FOREIGN FIRMS.

3. IN THIS REGARD, SEVERAL VERY LARGE US COMPANIES REPORTEDLY WELCOME GOI PLAN SINCE THEY PLAN TO FINANCE DEPOSITS FOR THEIR LARGE EXPORTS TO ITALY AND CALCULATE THAT THEIR COMPETITION WILL BE DECIMATED. OTHERS, INCLUDING KODAK, APPARENTLY ALARMED BY THIS PROSPECT AS THEY HAVE NO DESIRE TO SEE SMALL ITALIAN COMPETITORS DESTROYED.

4. FREQUENT OBSERVATION HERE IS THAT LARGE FIRMS, DOMESTIC AND INTERNATIONAL, WILL FIND WAYS TO CIRCUMVENT REGULATIONS BUT THAT SMALL AND MEDIUM FIRMS MAY BE PUT THROUGH WRINGER.FINA

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